



# CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)  
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**GREATER VILLE NEIGHBORHOOD PRESERVATION  
CONTRACT #12-31-73  
CFDA #14.218**

**FISCAL MONITORING REVIEW**

**JANUARY 1, 2012 THROUGH DECEMBER 31, 2012**

**PROJECT #2013-CDA35**

**DATE ISSUED: AUGUST 8, 2013**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

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FILE COPY

August 8, 2013

Harold Crumpton, Executive Director  
Greater Ville Neighborhood Preservation  
4647 Dr. Martin Luther King Drive  
St. Louis, MO 63113

RE: Community Development Block Grant (CDBG) (Project #2013-CDA35)

Dear Mr. Crumpton:

Enclosed is a report of the fiscal monitoring review of the Greater Ville Neighborhood Preservation, a not-for-profit organization, CDBG Program, for the period January 1, 2012 through December 31, 2012. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Greater Ville Neighborhood Preservation. Fieldwork was completed on May 8, 2013.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA, CGMA  
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA  
Lorna Alexander, Special Assistant for Development, CDA  
Cerease Pennington, Program Monitor, CDA

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## INTRODUCTION

### Background

**Contract Name:** Greater Ville Neighborhood Preservation

**Contract Number:** 12-31-73

**Contract Period:** January 1, 2012 through December 31, 2012

**CFDA Number:** 14.218

**Contract Amount:** \$355,044

This contract provided Community Development Block Grant (CDBG) funds to Greater Ville Neighborhood Preservation (Agency) to revitalize and bring back the once prominent and culturally rich Ville and Greater Ville neighborhoods by redeveloping the entire 4<sup>th</sup> ward. Revitalization and redeveloping will take place by: aggressively addressing community deterioration, affordable housing for low/moderate income families, rehabilitating existing structures that hold unique architectural design and extend the scope of economic opportunity for area businesses while attracting new commercial ventures.

### Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local Community Development Administration (CDA) requirements for the period January 1, 2012, through December 31, 2012, and make recommendations for improvements as considered necessary.

### Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the Community Development Administration (CDA). Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on May 8, 2013.

### Exit Conference

An exit conference was offered to the Agency on August 6, 2013, but the agency declined.

### Management's Response

Management's responses to the observations and recommendations noted in the report were received on July 31, 2013, and have been incorporated into the report.

## SUMMARY OF OBSERVATIONS

### Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

### Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2012-CDA39 issued November 27, 2012, noted four observations:

1. Opportunity to provide adequate board oversight **(Repeated)**
2. Opportunity to improve cash management (Questioned Costs \$1,773.86) **(Resolved)**
3. Opportunity to ensure that checks are not pre-signed **(Repeated)**
4. Opportunity to submit financial and programmatic reports in a timely manner **(Resolved)**

### A-133 Status

According to a letter received from the Agency dated April 3, 2013, it did not expend \$500,000 or more in federal funds during its last calendar year ended December 30, 2012; therefore, the Agency was not required to have an A-133 audit.

### Summary of Current Observations

Recommendations were made for the following observations, which if implemented, could assist the Agency in fully complying with federal, state, and local CDA requirements.

1. Opportunity to provide adequate board oversight
2. Opportunity to ensure that checks are not pre-signed

## **DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES**

### **1. Opportunity To Provide Adequate Board Oversight**

The Agency did not maintain the minutes of the board of directors (Board) meetings. As of the close of fieldwork, the agency had not provided the board minutes.

Sound business practice requires that minutes be taken at each board meeting. Minutes provide evidence of the board's oversight to the organization's operations. Board oversight ensures that the Agency is meeting the grant's objectives and will continue in operations for the foreseeable future.

According to the Agency's Executive Director, the Board did not hold board meetings quarterly due to problems with members; therefore, a new Board President has been elected and quarterly meetings will be held as scheduled.

Lack of regular board meetings may cause the Agency not to meet the objectives of the grant contract, which ultimately may result in termination of the grant.

#### **Recommendation**

It is recommended that the Agency's board meet quarterly as stated by the Agency's President and implement a system of internal controls to ensure that records are maintained detailing the matters discussed at the board meetings.

#### ***Management's Response***

*Management agrees with this finding. The board has elected four (4) new highly accomplished board members who have demonstrated skills, abilities, and commitment to remove this as an issue. We have held two board meetings this year. Board training has been reviewed for implementation.*

### **2. Opportunity To Ensure Checks Are Not Pre-Signed**

The prior audit report revealed the Agency's Treasurer was pre-signing grant funded checks before they were made out to vendors. During current field work, the checkbook was examined, and it was noted that the Agency is continuing to use the checkbook containing the pre-signed checks.

Code of Federal Regulations (CFR) 85.20 (B) (3) states "Effective control and accountability must be maintained for all grant and sub-grant cash, real and personal property, and other assets. Grantees and sub-grantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes."

According to the Office Manager, the Agency did not want to waste money by destroying the old checks.

Pre-signing of checks increases the risk of grant funds being misappropriated.

### **Recommendation**

It is recommended that the Agency establish and implement a system of internal controls to ensure that the grant disbursement checks are not pre-signed. Also, it is recommended that all existing pre-signed checks be destroyed.

### ***Management's Response***

*Management agrees with this finding. The new Treasurer lives in the area and is the pastor of a church within walking distance of our office. A new check book has replaced the old. The new Treasurer is committed to meeting Code of Federal Regulations (CFR) 85.20 (B) (3) requirements. There are no more old pre-signed checks.*